

Responsible Office: JM/Management Assessment Division
Subject: Audit Management Process



Office of Management Systems

Office Work Instruction

Audit Management Process

Original Approved by: _____

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Associate Administrator for Management Systems

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DOCUMENT HISTORY LOG

<u>Status</u> <u>(Baseline/</u> <u>Revision/</u> <u>Canceled)</u>	<u>Document</u> <u>Revision</u>	<u>Effective</u> <u>Date</u>	<u>Description</u>
Baseline		12/06/99	
Revision	A	04/26/00	Incorporate minor modifications responsive to the NASA HQ ISO 9001 pre-assessment audit of Feb. 7 – 11, 2000.
Revision	B	10/31/00	Incorporate filing changes consistent with NPG 1441.1, Records Retention Schedule 9.

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1. Purpose

The purpose of this OWI is to describe the procedure followed by the Management Assessment Division in ensuring management responsiveness to General Accounting Office (GAO) and Office of Inspector General (OIG) audit activity, reaching management decisions on audit recommendations, and completing implementation of agreed-upon recommendations.

2. Scope and Applicability

This OWI covers Management Assessment Division (Code JM) audit management procedures for ensuring appropriate management response to GAO and OIG audit activity and recommendations.

3. Definitions

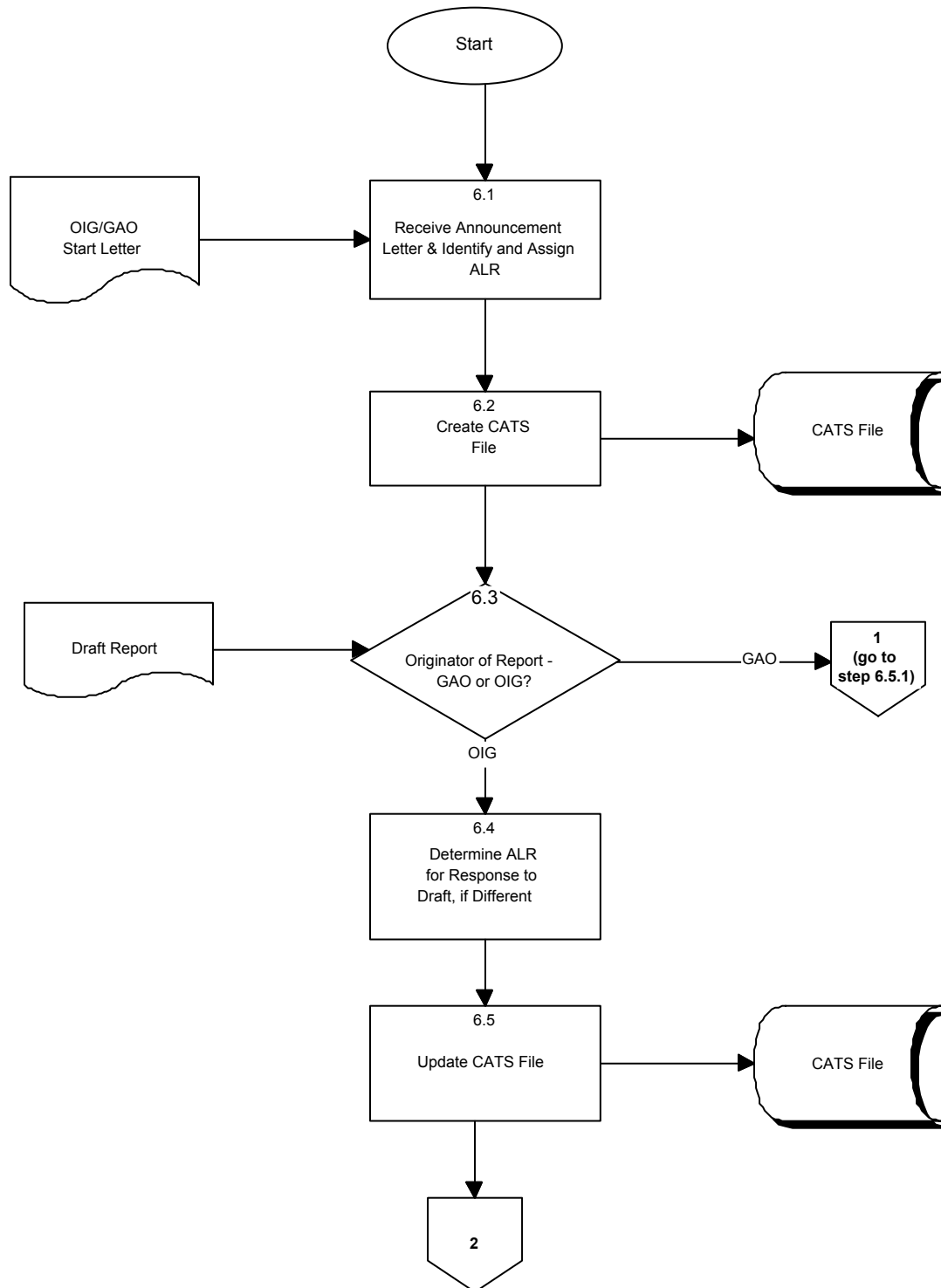
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|------|-------------------|---|
| 3.1 | <u>AA</u> | Associate Administrator |
| 3.2 | <u>ADA</u> | Associate Deputy Administrator |
| 3.3 | <u>ADS</u> | Action Document Summary |
| 3.4 | <u>AFO</u> | Audit Followup Official – Associate Deputy Administrator makes final management decisions when concurrence with OIG is unresolved at lower levels |
| 3.5 | <u>Audit Team</u> | Code JM staff members assigned to work on audit activities |
| 3.6 | <u>Code J AA</u> | Associate Administrator for Management Systems |
| 3.7 | <u>ALR</u> | Audit Liaison Representative |
| 3.8 | <u>CATS</u> | Corrective Action Tracking Systems |
| 3.9 | <u>Code J</u> | Office of Management Systems |
| 3.10 | <u>Code JM</u> | Management Assessment Division |
| 3.11 | <u>GAO</u> | General Accounting Office |
| 3.12 | <u>OIG</u> | Office of the Inspector General |
| 3.13 | <u>POC</u> | Point of Contact; Auditee |

4. References

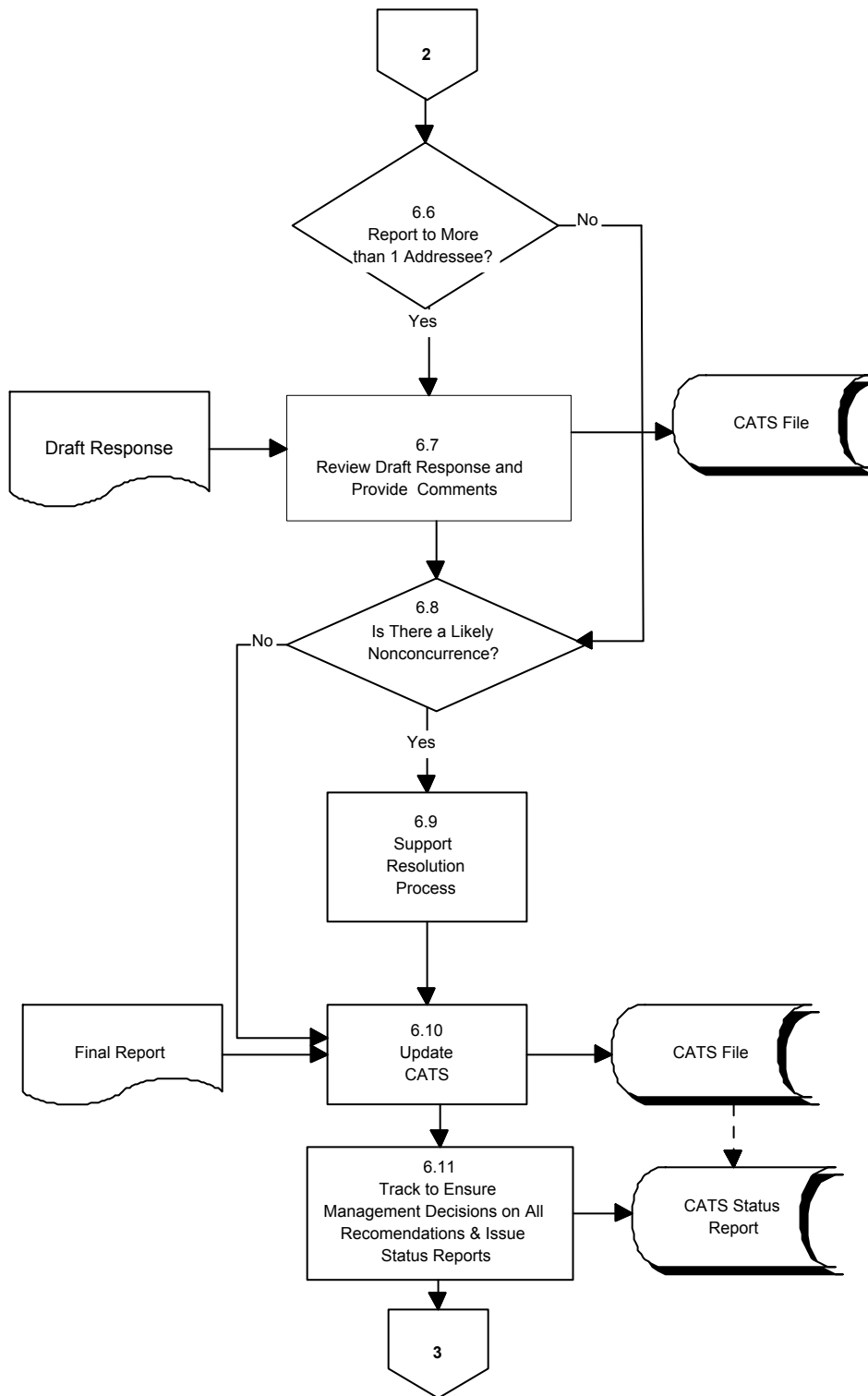
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|-----|--|--|
| 4.1 | NPD 1200.1 | Management Accountability and Control, Audit Liaison, and Audit Followup |
| 4.2 | OIG/GAO checklists used to monitor audit progress and disseminate information (Current versions available from ALR Homepage located on ALR Tools page) | |

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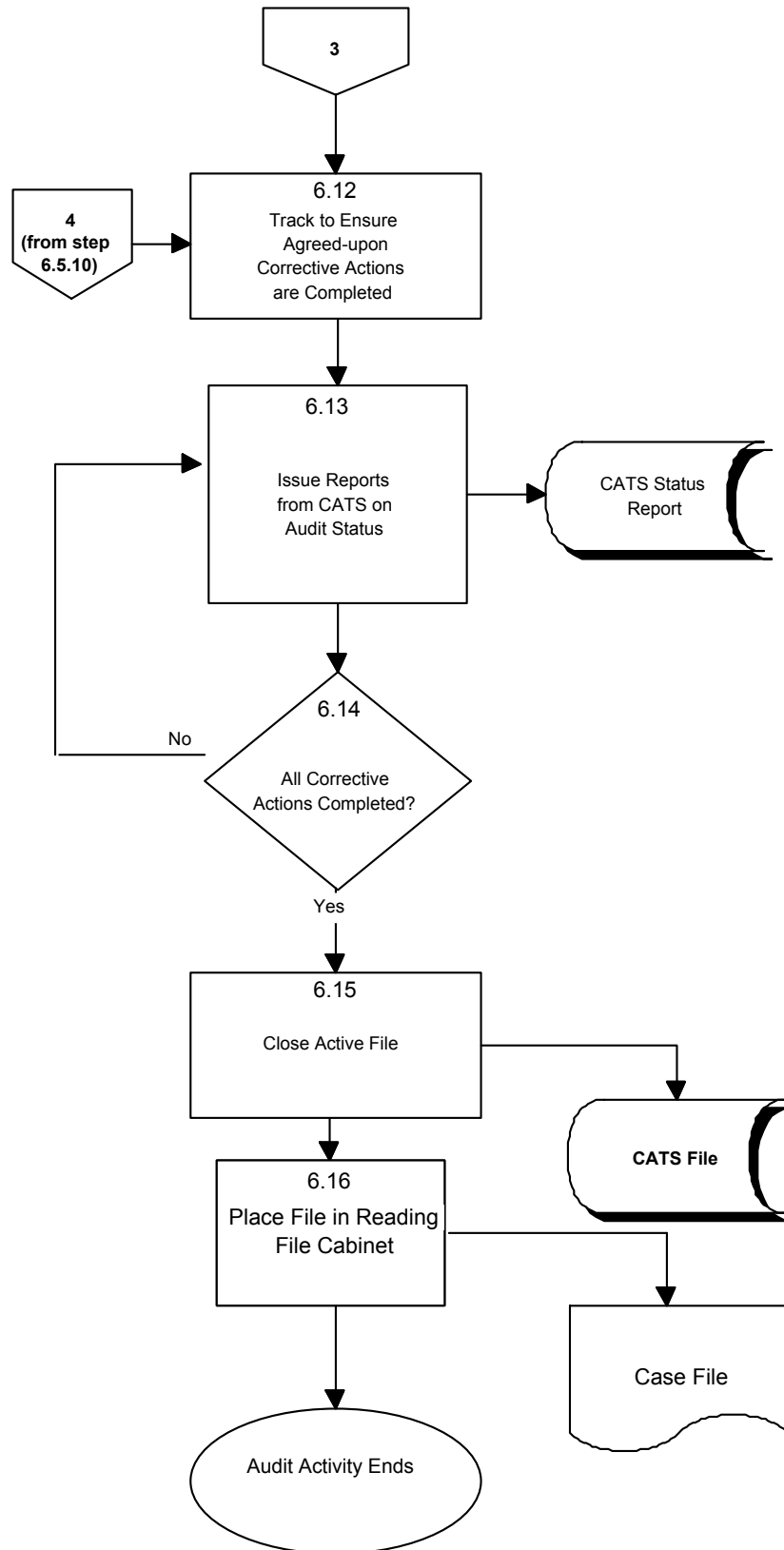
5. Flowchart



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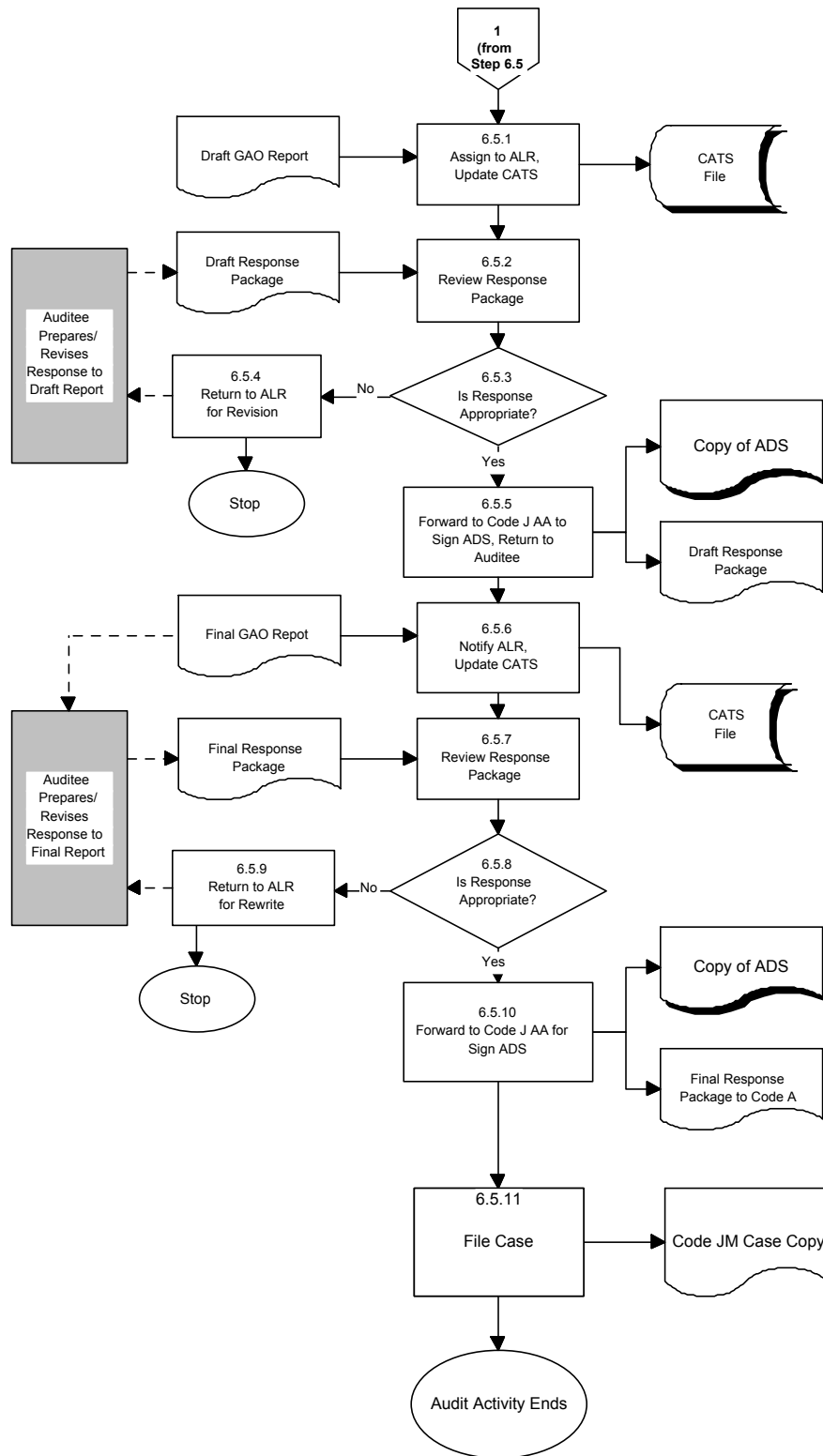


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GAO Subprocess



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6. Procedure

The following table describes the process depicted in the preceding flowchart. The number at the left of the table corresponds to the numbers in the activity boxes in the flowchart.

<u>Step</u>	<u>Actionee</u>	<u>Action</u>
6.1	Audit Team	Receive announcement letter from OIG/GAO. Assign and notify the lead ALR. Request that ALR arrange for the appointment of a POC and notify Code JM of appointment.
6.2	Audit Team	Establish CATS file, populate with announcement letter data, and notify others, as appropriate.
6.3	Audit Team	Receive draft report. If a GAO draft audit report, go to step 6.5.1; if an OIG draft audit report, go to step 6.4.
6.4	Audit Team	Review the OIG draft report. Determine if there should be a change of the ALR for purposes of responding to recommendations. Assign new ALR, if required. Provide support, as requested, during the development of management decisions and response to the draft report.
6.5	Audit Team	Update CATS with draft report data; provide comments, as appropriate; file hard copy.
6.6	Audit Team	Determine if the OIG draft report is addressed to more than one Official. If yes, go to step 6.7; if not, go to step 6.8.
6.7	Audit Team	Review draft response to determine that all affected parties' views have been considered in preparing response and response has appropriate tone reflecting Agency-level perspective. Provide comments, if any, by phone or e-mail to ALR. Record and update CATS.
6.8	Audit Team, ALR	Based on communication with ALR, determine if response will contain a nonconcurrency with one or more draft recommendations. If yes, go to step 6.9. If no, go to Step 6.10
6.9	Audit Team	Assist as necessary at the request of the ALR or other parties to the resolution process through liaison efforts.
6.10	Audit Team	After the auditee sends response to the draft report or when the final report is issued, update CATS. Update CATS when ALR sends response to final report to the OIG.
6.11	Audit Team	Code JM continues to update CATS and report on the status of open recommendations based on status of final management decisions and completing corrective actions. Provide the Associate Deputy Administrator with status on unresolved recommendations open over 6 months.

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Step	Actionee	Action
6.12	Audit Team	Track all agreed-upon recommendations through CATS until management completes corrective action and necessary follow-up and notifies OIG. Code JM maintains a separate performance measurement on implementing agreed-upon recommendations open over 1 year*. <i>(*There are exceptions to the requirement that agreed-upon recommendations be closed within 1 year. The critical factor is timeliness of corrective actions agreed upon and management implementation of corrective action with reasonable speed.).</i>
6.13	Audit Team	Issue reports to ALR's, ACO's, and senior management, as appropriate, on the status of all open Audits based on data in CATS.
6.14	Audit Team	Monitor CATS to determine whether all agreed-upon recommendations are fully implemented. If no, continue to track; if yes go to step 6.15.
6.15	Audit Team	Move the CATS file from open to closed. Maintain closed audit file in CATS. Hard copy placed in reading file cabinet.
6.16	Audit Team	Place file in reading file cabinet.

GAO Subprocess

6.5.1	Audit Team	Assign a HQ-level ALR. ALR identifies POC and ALR notifies GAO and sets up entrance conference. Populate CATS with data from start letter.
6.5.2	Audit Team	Review draft response to ensure responsiveness, tone, and Agency-level perspective. Determine that response is ready for signature by Associate Deputy Administrator.
6.5.3	Audit Team, JM Division Director	If ready for ADA signature, go to step 6.5.6. If not, go to step 6.5.4.
6.5.4	Audit Team	If further development of draft response is needed, return to ALR with suggestions for change and work with ALR until letter is acceptable.
6.5.5	Code J AA	Present draft response for signature by ADA to Code J AA who signs ADS when draft response is ready for submission to ADA. Return to POC when ADS is signed.
6.5.6	Audit Team	After GAO issues final report, update CATS. Notify ALR if response to final report is required. Provide instructions for response.
6.5.7	Audit Team JM Division Director	Review response to final report to ensure responsiveness, tone, and Agency-level perspective. Determine if response to the final report is ready for Administrator's signature.
6.5.8	Audit Team	If ready, forward to Code J AA for concurrence on ADS at step 6.5.10; If not return to ALR with comments at step 6.5.9.

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6.5.9	Audit Team	Return to responsible ALR to improve response until acceptable to Code J AA.
6.5.10	Audit Team Code J AA	Forward through Division Director to Code J AA for concurrence by signing ADS. Further tracking and reporting continues in CATS at step 6.15.
6.5.11	Audit Team	File hard copy in Code JM filing cabinet.

7. Quality Records

<u>Record Identification</u>	<u>Owner</u>	<u>Location</u>	<u>Record Media: Electronic or Hard Copy</u>	<u>Schedule Number & Item Number (NPG 1441.1)</u>	<u>Retention/Disposition</u>
CATS file	JM Dir.	Code JM	Electronic	Schedule 2, 2400	Delete information in this data base when no longer needed
CATS status reports	JM Dir.	Code JM	Electronic	Schedule 2, 2400	Delete information in this data base when no longer needed
Copy of ADS	JM Dir.	Code JM	Hard Copy	Schedule 9, 9920	Retire to Federal Record Center 2 years after date of audit report. Destroy 10 years after subject date in accordance with NPG 1441.1.